



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SIMPSON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, Simpson County Judge/Executive

Honorable Kenneth Y. Harper, Former Simpson County Judge/Executive

Members of the Simpson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Simpson County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Simpson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Simpson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Simpson County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, Simpson County Judge/Executive

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Our audit was performed for the purpose of forming an opinion on the financial statements of Simpson County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$295,172 As Collateral To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2000 on our consideration of Simpson County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
January 24, 2000

SIMPSON COUNTY OFFICIALS

June 30, 1999

Jim Henderson	County Judge/Executive
G. Sidnor Broderson	County Attorney
Bobby C. Phillips, Jr.	County Clerk
Jan J. Murphree	Circuit Court Clerk
Joe Palma	Sheriff
James Mooneyhan	Jailer
Pam Womack	Property Valuation
Judy Hayes	County Treasurer
Tom Crafton	Coroner
Larry Randolph	Magistrate
Charles McCutchen	Magistrate
Jim Brown	Magistrate
Kenneth Utley	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

SIMPSON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 18,849
Investments	700,000

Road and Bridge Fund:

Cash	150,354
Investments	400,000

Jail Fund:

Cash	82,256
------	--------

Jail Commissary Fund:

Cash	964
------	-----

Local Government Economic Assistance Fund:

Cash	107,719
------	---------

911 Emergency Dispatch Fund:

Cash	82,638
------	--------

Parks and Recreation Fund:

Cash	17,433
------	--------

Tourist and Convention Commission Fund:

Cash	58,921
Investments	125,684

Other Resources

General Fund:

Amounts to be Provided in Future Years for Hospital Addition - Capital Lease Purchase Obligations - Principal (Note 4)	1,367,000
---	-----------

Amounts to be Provided in Future Years for Hospital Equipment - Capital Lease Purchase Obligations - Principal (Note 4)	89,000
--	--------

Amounts to be Provided in Future Years for Voting Machines - Capital Lease Purchase Obligations - Principal (Note 4)	39,000
---	--------

Jail Fund:

Amounts to be Provided in Future Years for Jail Capital Lease Obligations - Bond Principal Payments (Note 4)	307,882
---	---------

Park and Recreation Fund:

Amounts to be Provided in Future Years for Land- Principal on Borrowed Money (Note 4)	125,966
--	---------

Total Assets and Other Resources	<u>\$ 3,673,666</u>
----------------------------------	---------------------

The accompanying notes are an integral part of the financial statements.

SIMPSON COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1999
(Continued)

Liabilities and Fund

Liabilitie

General

Hospital Addition - Capital Lease Purchase	
Principal (Note	\$ 1,367,00
Hospital Equipment - Capital Lease	
Principal (Note	89,000
Voting Machines - Capital Lease Purchase	
Principal (Note	39,000

Jail

Capital Lease Obligation - Bond Principal Payments (Note	307,882
--	---------

Parks and Recreation

Borrowed Money - Principal (Note	125,966
----------------------------------	---------

Fund Balances

Reserved:

Jail Commissary	964
911 Emergency Dispatch	82,638
Parks and Recreation	17,433
Tourist and Convention Commission	184,605

Unreserved:

General Fund	718,849
Road and Bridge	550,354
Jail Fund	82,256
Local Government Economic Assistance	<u>107,719</u>

Total Liabilities and Fund Balances	<u>\$ 3,673,66</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

SIMPSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,350,948	\$ 2,221,005	\$ 731,390	\$ 958,237
Transfers In	219,473	2,346		2,127
Borrowed Money	140,000			
Kentucky Advance Revenue Program	803,805	699,190	104,615	
Jail Commissary Fund Receipts	26,247			
Total Cash Receipts	<u>\$ 5,540,473</u>	<u>\$ 2,922,541</u>	<u>\$ 836,005</u>	<u>\$ 960,364</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,725,905	\$ 2,070,459	\$ 662,199	\$ 904,525
Schedule of Other Expenditures	427,548			
Purchase of Land	140,000			
Transfers Out	219,473	200,000		
Bonds:				
Principal Paid	10,798			10,798
Principal on Lease:				
Hospital Addition	73,000	73,000		
Voting Machine	7,000	7,000		
Borrowed Money Repaid	51,035			
Kentucky Advance Revenue Program Repaid	803,805	699,190	104,615	
Jail Commissary Fund Expenditures	25,534			
Total Cash Disbursements	<u>\$ 5,484,098</u>	<u>\$ 3,049,649</u>	<u>\$ 766,814</u>	<u>\$ 915,323</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 56,375	\$ (127,108)	\$ 69,191	\$ 45,041
Cash Balance - July 1, 1998	<u>1,688,443</u>	<u>845,957</u>	<u>481,163</u>	<u>37,215</u>
Cash Balance - June 30, 1999*	<u>\$ 1,744,818</u>	<u>\$ 718,849</u>	<u>\$ 550,354</u>	<u>\$ 82,256</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

SIMPSON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	911 Emergency Dispatch Fund	Hospital Bond Sinking Fund	Parks and Recreation Fund	Tourist and Convention Commission Fund
\$	\$ 59,233	\$ 64,201	\$	\$ 310,305 125,000 140,000	\$ 6,577 90,000
26,247					
\$ 26,247	\$ 59,233	\$ 64,201	\$ 0	\$ 575,305	\$ 96,577
\$	\$ 45,845	\$ 42,877	\$	\$ 385,824 140,000	\$ 41,724
2,127	15,000		2,073		273
				51,035	
25,534					
\$ 27,661	\$ 60,845	\$ 42,877	\$ 2,073	\$ 576,859	\$ 41,997
\$ (1,414) 2,378	\$ (1,612) 109,331	\$ 21,324 61,314	\$ (2,073) 2,073	\$ (1,554) 18,987	\$ 54,580 130,025
\$ 964	\$ 107,719	\$ 82,638	\$ 0	\$ 17,433	\$ 184,605

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Simpson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, management has included the Jail Commissary Fund, the Parks and Recreation Fund, and the Tourist and Convention Commission Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Simpson County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.420(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of December 10, 1998, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$295,172 of public funds uninsured and unsecured.

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of December 10, 1998.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 1,505,736
Uncollateralized and uninsured	<u>295,172</u>
Total	<u><u>\$ 1,800,908</u></u>

Note 4. Long-Term Debt

A. Hospital Addition and Equipment Leases

On August 20, 1992, the Simpson County Fiscal Court entered into two lease-purchase agreements with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreements were for the Franklin-Simpson Memorial Hospital Addition and hospital equipment. The fiscal court currently subleases the hospital addition and equipment to the Franklin-Simpson Memorial Hospital for lease payments equal to the KACoLT payments.

1. Hospital Addition Lease Terms

The hospital addition principal was \$1,628,000 at 6.193 percent for a period of 25 years, interest paid monthly, and principal paid annually. Principal outstanding as of June 30, 1999, is \$1,367,000. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 83,426	\$ 48,000
2001	80,376	51,000
2002	77,166	53,000
2003	73,806	56,000
2004	70,260	59,000
2005-2017	<u>495,519</u>	<u>1,100,000</u>
Totals	<u><u>\$ 880,553</u></u>	<u><u>\$ 1,367,000</u></u>

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt (Continued)

A. Hospital Addition and Equipment Leases (Continued)

2. Hospital Equipment Lease Terms

The hospital equipment principal was \$241,000 at 5.904 percent for a period of 10 years, interest paid monthly, and principal paid annually. Principal outstanding as of June 30, 1999, is \$89,000. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 4,565	\$ 28,000
2001	2,863	30,000
2004	1,068	31,000
Totals	<u>\$ 8,496</u>	<u>\$ 89,000</u>

B. Voting Machine Lease

On November 20, 1994, the Simpson County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of voting machines. The principal was \$66,000 at 6.914 percent for a period of 10 years, interest paid monthly and principal paid annually. Principal outstanding as of June 30, 1999, is \$39,000. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 2,498	\$ 7,000
2001	2,014	7,000
2002	1,500	8,000
2003	946	8,000
2004	363	9,000
Totals	<u>\$ 7,321</u>	<u>\$ 39,000</u>

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt (Continued)

C. Jail Facilities

The Kentucky Local Correctional Facilities Construction Authority, an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. The Authority issued \$921,772 of revenue bonds at various interest rates, of which the county has agreed to pay \$401,741 principal and a proportional share of interest on the issue. Revenue bonds outstanding as of June 30, 1999 totaled \$307,882. Debt service requirements are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 19,689	\$ 11,499
2001	18,917	12,247
2002	18,095	13,043
2003	17,219	13,891
2004	16,286	14,795
2005-2015	<u>96,874</u>	<u>242,407</u>
Totals	<u>\$ 187,080</u>	<u>\$ 307,882</u>

D. Liabilities of the Parks and Recreation Fund are:

The Parks and Recreation Fund entered into a loan agreement with Franklin Bank and Trust for \$140,000 at an interest rate of 6.75 % for the purchase of land. The note requires annual payments of \$19,134 for ten years. The final payment is due of July 15, 2008. The principal amount due as of June 30, 1999 was \$125,966.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

SIMPSON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 2,632,327	\$ 2,221,005	\$ (411,322)
Road and Bridge Fund	752,952	731,390	(21,562)
Jail Fund	996,747	958,237	(38,510)
Local Government Economic Assistance Fund	64,844	59,233	(5,611)
911 Emergency Dispatch Fund	<u>61,000</u>	<u>64,201</u>	<u>3,201</u>
Total	<u>\$ 4,507,870</u>	<u>\$ 4,034,066</u>	<u>\$ (473,804)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 4,507,870
Add: Budgeted Prior Year Surplus			680,040
Less: Other Financing Uses			<u>(1,109,603)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,078,307</u>

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SCHEDULE OF OPERATING REVENUE

SIMPSON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes and Excess Fees				
Sheriff:				
Taxes	\$ 859,593	\$ 859,593	\$	\$
Excess Fees - 1998	22,309	22,309		
County Clerk:				
Deed Transfer Tax	41,384	41,384		
Delinquent Taxes	4,364	4,364		
Excess Fees - 1998	117,131	117,131		
Tangible Personal Property Taxes:				
County Clerk	123,033	123,033		
Cable Franchise	3,198	3,198		
Tourist Room Tax	93,966	93,966		
In Lieu of Taxes:				
Tennessee Valley Authority	10,551	10,551		
Electric Utility	7,653	7,653		
Totals	\$ 1,283,182	\$ 1,283,182	\$ 0	\$ 0

Federal Receipts - State Treasurer

Disaster and Emergency Assistance				
Grant - Coordinator Salary	\$ 383	\$ 383	\$ 0	\$ 0

Kentucky State Treasurer

Jail:				
Allotments	\$ 71,235	\$	\$	\$ 71,235
Medical Allotments	60,579			60,579
Driving Under The Influence Fees	5,479			5,479
Housing State Prisoners	225,839			225,839
Community Service Prisoner Payment	4,167			4,167
Class D Felon Housing	507,882			507,882
County Road Aid	432,279		432,279	
Public Defender Allotment	32,835	32,835		
Truck License Distribution	161,449		161,449	

SIMPSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local			
Government	911		Tourism and
Economic	Emergency	Parks and	Convention
Assistance	Dispatch	Recreation	Commission
Fund	Fund	Fund	Fund

\$	\$	\$	\$
----	----	----	----

\$	\$	\$	\$
0	0	0	0

\$	\$	\$	\$
0	0	0	0

\$	\$	\$	\$
----	----	----	----

SIMPSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
(Continued)				
Recouped Public Defender Fees	\$ 4,430	\$ 4,430	\$	\$
Election Expense Reimbursement	6,630	6,630		
Courthouse Rental - Administrative				
Office of the Courts	60,372	60,372		
Refunds:				
Legal Process Tax	132	132		
Drivers Licenses	1,645		1,645	
Bridge Reimbursement/Refund	98,627		98,627	
Juvenile Reimbursement	13,610			13,610
Inmate Medical Reimbursement	943			943
Severance Taxes:				
Coal	25,157			
Mineral	31,629			
Board of Assessments	450	450		
Disaster and Emergency Assistance				
Grants - Coordinator Salary	1,012	1,012		
Capital Construction Grant -				
Industrial Park	400,000	400,000		
Totals	\$ 2,146,381	\$ 505,861	\$ 694,000	\$ 889,734

Miscellaneous Revenue

Interest	\$ 75,598	\$ 39,630	\$ 24,680	\$ 1,292
Circuit Court Clerk:				
Jail Cost	19,632			19,632
Boarding Fees	13,519			13,519
Work Release	15,183			15,183
Jail:				
Bond Acceptance Fees	4,390			4,390
Telephone Commission Refunds	12,312			12,312
Charges for Services:				
Fire Runs	9,375	9,375		
Bailiffs	1,535			1,535

SIMPSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Charges for Services: (Continued)				
911 Emergency Dispatch Service	\$ 63,486	\$	\$	\$
Parks and Recreation	33,759			
Lease Proceeds	150,525	150,525		
City of Franklin:				
Contributions	125,900			
Reimbursements-				
Fire Department Building	129,500	129,500		
Fire Truck	37,419	37,419		
Bingo Sales	98,093			
Rentals	8,630			
Park Concessions	3,712			
Team Registration	21,606			
Other Sales and Surplus Cruisers	5,365	5,365		
Insurance Proceeds	4,084	4,084		
Miscellaneous Items	87,379	55,681	12,710	640
Totals	<u>\$ 921,002</u>	<u>\$ 431,579</u>	<u>\$ 37,390</u>	<u>\$ 68,503</u>
Total Operating Revenue	<u>\$ 4,350,948</u>	<u>\$ 2,221,005</u>	<u>\$ 731,390</u>	<u>\$ 958,237</u>

SIMPSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	911 Emergency Dispatch Fund	Parks and Recreation Fund	Tourism and Convention Commission Fund
\$	\$ 63,486	\$	\$
		33,759	
		125,900	
		98,093	
		8,630	
		3,712	
		21,606	
		17,446	902
\$ 2,447	\$ 64,201	\$ 310,305	\$ 6,577
\$ 59,233	\$ 64,201	\$ 310,305	\$ 6,577

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

SIMPSON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 40,970	\$ 40,940	\$ 30
Finance Officer	18,305	18,304	1
Part-Time Help	3,600	3,582	18
Advertising	4,145	4,143	2
Office Materials and Supplies	5,306	5,303	3
Office of County Attorney:			
Salaries-			
County Attorney	14,751	14,650	101
Secretaries	3,600	3,600	
Office Materials and Supplies	50	43	7
Office of County Clerk:			
Office Materials and Supplies	7,000	6,838	162
Printing and Binding	5,650	4,920	730
New Office Equipment	5,030	5,029	1
Tax Bill Preparation	4,000	3,735	265
Office of Sheriff:			
Dispatchers Salaries	38,600	38,600	
Law Enforcement	6,600	6,570	30
Uniforms	800	404	396
Refund of Excess Fees	1,938	1,938	
Materials and Supplies	7,100	7,019	81
Transportation Equipment	29,058	29,018	40
Office of County Coroner:			
Salaries-			
County Coroner	8,726	8,666	60
Deputy Coroner	3,000	3,000	
Autopsies and Attendant Service	2,625	2,625	
Travel	520	519	1

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court:			
Magistrates-			
Salaries	\$ 37,777	\$ 37,454	\$ 323
Expense Allowance	11,520	11,520	
Office of Property Valuation Administrator:			
Office Materials and Supplies	28,056	27,400	656
Office of Board of Assessment Appeals:			
Per Diem	900	900	
Office of County Treasurer:			
County Treasurer Salary	21,158	21,157	1
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	3,300	2,988	312
Election Officers	7,800	7,252	548
Tabulators	300	280	20
Printing and Advertising	15,475	15,430	45
Maintenance-Voting Machines	500	500	
Polling Places	600	588	12
Economic Development:			
Director Salary	35,000	35,000	
Courthouse:			
Janitor Salary	16,941	16,941	
Janitorial Services	4,200	4,162	38
Pest Control	775	605	170
Utilities	24,900	22,876	2,024
Repairs	27,800	27,793	7
Miscellaneous	1,000	881	119

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Other County Properties:			
Maintenance and Repairs - Building	\$ 68,420	\$ 68,388	\$ 32
Annex Building:			
Utilities	10,000	8,143	1,857
<u>Protection to Persons and Property</u>			
County Fire Department:			
Salaries	32,750	32,714	36
Dispatchers	1,400	1,400	
Repairs	1,850	1,819	31
Materials	290,026	289,997	29
Fuel	1,430	1,429	1
Building	97,265	97,265	
Rescue Squad:			
Program Support	812	776	36
Disaster and Emergency Services:			
Director Salary	3,000	3,000	
Program Support	2,750	2,731	19
Payments to Government Agencies	3,000	605	2,395
Office of Public Defender:			
Mandated Program Support	2,000	1,893	107
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Salary	12,250	12,250	
Supplies	12,708	12,697	11
County Hospital:			
Miscellaneous	300	300	

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u> (Continued)			
Health Department:			
Contribution	\$ 115,487	\$ 115,487	\$
Soil Conservation:			
Program Support	13,202	13,202	
<u>Social Services</u>			
Service to Indigents:			
Home Health Aid	1,500	1,500	
Public Advocate Program:			
Salaries	38,433	38,433	
Reimbursement	5,067	4,430	637
Services to Children and Youth:			
Juvenile Officer Salary	32,701	32,701	
General Charity and Welfare:			
General Welfare	1,522	1,296	226
<u>Recreation and Culture</u>			
Cooperative Extension Service:			
Program Support	86,161	86,161	
Other Extension Service:			
Chamber of Commerce	9,000	9,000	
Other Cultural Programs			
African American Heritage	2,000	2,000	
Education Program	3,198	3,198	

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Debt Service</u>			
County Liabilities:			
Interest on Leases-			
Hospital	\$ 92,511	\$ 77,525	\$ 14,986
Voting Machines	2,983	2,552	431
<u>Capital Projects</u>			
Land:			
Industrial Park	400,000	400,000	
<u>Administration</u>			
General Services:			
Legal Fees	13,199	13,199	
Auditing Services	12,900	12,881	19
BRADD Dues	3,786	3,786	
Bank Charges	200	70	130
Insurance	57,551	55,843	1,708
Association Dues	2,980	2,963	17
Telephone	11,650	10,470	1,180
Travel	9,380	8,410	970
TVA in Lieu of Taxes	201	201	
Fringe Benefits:			
County Contributions-			
Social Security	51,500	49,229	2,271
Retirement	51,000	49,183	1,817
Health Insurance	75,400	75,187	213
Worker's Compensation	23,100	22,372	728
Unemployment Insurance	500		500
Total Operating Budget	\$ 2,107,049	\$ 2,070,459	\$ 36,590
Other Financing Uses:			
Transfer to Parks and Recreation Fund	110,000	110,000	
Transfer to Tourist and Convention Commission Fund	90,000	90,000	

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
Other Financing Uses: (Continued)			
Kentucky Advance Revenue Program-			
Principal	\$ 699,190	\$ 699,190	\$
Principal on Lease - Hospital	73,000	73,000	
Principal on Lease - Voting Machines	7,000	7,000	
Total General Fund	<u>\$ 3,086,239</u>	<u>\$ 3,049,649</u>	<u>\$ 36,590</u>

ROAD AND BRIDGE FUND

General Government

Office of County Judge/Executive

Salaries-

County Judge/Executive	\$ 10,242	\$ 10,242	\$
Finance Officer	2,400	2,400	

Fiscal Court:

Magistrates-

Salaries	9,270	9,270	
Expense Allowance	2,880	2,880	

Office of County Treasurer:

Treasurer Salary	2,400	2,400	
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Roads

Road Maintenance:

Salaries-

Road Supervisor	20,464	20,464	
Road Foreman	92,403	77,263	15,140
Crushed Stone and Gravel	30,000	24,855	5,145
Machinery and Equipment-			
Repairs	38,000	37,255	745
New Road Machinery	45,000	44,618	382
Materials	334,300	232,746	101,554
Petroleum Products	15,000	12,884	2,116

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Capital Projects</u>			
Bridges:			
Contracted Construction	\$ 108,700	\$ 108,670	\$ 30
<u>Administration</u>			
General Services:			
Insurance	15,369	15,369	
Telephone	4,000	3,948	52
Travel	2,400	2,280	120
Utilities	7,000	6,885	115
Fringe Benefits:			
County Contributions-			
Retirement	14,000	9,212	4,788
Social Security	12,500	8,558	3,942
Health Insurance	21,000	21,000	
Worker's Compensation	8,000	8,000	
Unemployment Insurance	1,000	1,000	
Total Operating Budget	\$ 796,328	\$ 662,199	\$ 134,129
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	104,615	104,615	
Total Road and Bridge Fund	\$ 900,943	\$ 766,814	\$ 134,129

JAIL FUND

Protection to Persons and Property

Office of Jailer:

 Personnel Services-
 Salaries-

Jailer	\$ 53,277	\$ 53,245	\$ 32
Jail Personnel	217,500	217,291	209
Administrative Personnel	52,000	51,940	60

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Personnel Services- (Continued)			
Salaries- (Continued)			
Supervisors/Directors	\$ 34,000	\$ 33,420	\$ 580
Medical Personnel	16,000	15,035	965
Guards	20,000	17,219	2,781
Secretaries	18,500	18,500	
Cooks	34,000	33,528	472
Maintenance Staff	20,000	18,940	1,060
Part-Time Help	3,100	1,743	1,357
Other Staff	8,400	8,400	
Operations-			
Cleaning Supplies	44,275	44,196	79
Food	159,058	114,375	44,683
Food Preparation	6,670	6,580	90
Jail Linens	3,500	2,859	641
Office Supplies	3,769	3,740	29
Petroleum Products	3,675	3,657	18
Pest Control	480	440	40
Prisoner Clothing	4,275	4,271	4
Rentals	7,200	7,200	
Routine Medical	51,000	40,848	10,152
Staff Uniforms	6,665	6,658	7
Staff Travel	2,500	2,493	7
Telephone	7,200	7,168	32
Utilities	52,000	46,476	5,524
Maintenance Contracts	2,000		2,000
Maintenance-			
Building Repairs	18,000	7,498	10,502
Equipment Repairs	5,000	2,566	2,434
Vehicle Repairs	9,775	9,768	7
Miscellaneous	1,000	969	31
Renewals and Repairs	3,000	1,788	1,212
Equipment-			
Communications Equipment	7,150	7,141	9
Food Service Equipment	500		500

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Equipment- (Continued)			
Furniture and Fixtures	\$ 2,582	\$ 2,554	\$ 28
Transportation Equipment	2,000	2,000	
Juvenile Detention:			
Contract with Other Counties	25,000	17,230	7,770
<u>Debt Service</u>			
Borrowed Money:			
Interest on Jail Bonds	20,414	20,414	
<u>Administration</u>			
General Services:			
Association Dues	500	480	20
Bank Charges	500	131	369
Staff Training	3,550	3,549	1
Fringe Benefits:			
County Contributions-			
Retirement	34,443	34,019	424
Social Security	34,628	34,196	432
Total Operating Budget	\$ 999,086	\$ 904,525	\$ 94,561
Other Financing Uses:			
Principal on Jail Bonds	10,798	10,798	
Total Jail Fund	\$ 1,009,884	\$ 915,323	\$ 94,561

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Recreation and Culture</u>			
Recreation Program:			
Mini Park	\$ 500	\$ 500	\$
<u>Roads</u>			
Road Maintenance:			
Road Materials	70,344	26,345	43,999
Fringe Benefits:			
Health Insurance	19,000	19,000	
Total Operating Budget	\$ 89,844	\$ 45,845	\$ 43,999
Other Financing Uses:			
Transfer to Parks and Recreation Fund	15,000	15,000	
Total Local Government Economic Assistance Fund	\$ 104,844	\$ 60,845	\$ 43,999
<u>911 EMERGENCY DISPATCH FUND</u>			
<u>Protection to Persons and Property</u>			
Emergency Dispatch Service:			
Dispatch Service	\$ 86,000	\$ 42,877	\$ 43,123

SIMPSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Total Operating Budget - All Funds	\$ 4,078,307	\$ 3,725,905	\$ 352,402
Other Financing Uses:			
Transfer to Parks and Recreation Fund	125,000	125,000	
Transfer to Tourist and Convention Commission Fund	90,000	90,000	
Kentucky Advance Revenue Program- Principal	803,805	803,805	
Principal on Lease - Hospital	73,000	73,000	
Principal on Lease - Voting Machines	7,000	7,000	
Principal on Jail Bonds	10,798	10,798	
TOTAL BUDGET - ALL FUNDS	<u>\$ 5,187,910</u>	<u>\$ 4,835,508</u>	<u>\$ 352,402</u>

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SCHEDULE OF OTHER EXPENDITURES

SIMPSON COUNTY
SCHEDULE OF OTHER EXPENDITURES

Fiscal Year Ended June 30, 1999

<u>Expenditure Items</u>	<u>Parks and Recreation Fund</u>	<u>Tourist and Convention Commission Fund</u>
Salaries-		
Officer	\$ 24,000	\$ 13,478
Others	83,585	
Administration	306	
Maintenance	6,058	
Parks Director	1,877	
Employer's Share-		
Employer's Share FICA	8,127	
Employer's Share Retirement	7,312	
Payroll Taxes	4,566	
Administrative Expenses	6,009	4,425
Advertising	879	7,103
Bingo-		
Rental	24,000	
Supplies	22,508	
Brochures		6,174
Capital Outlay-		
Equipment	42,701	
Interest	7,701	
Land Acquisition Fee	415	
Improvements	2,042	
Dues and Travel		1,802
Fuel and Oil	5,047	
Insurance and Bonds	18,581	1,282
Maintenance-		
Building	18,222	
Ground	13,240	
Miscellaneous	12,342	
Recreation Expenses	51,717	
Repairs	6,308	
Special Events		7,460
Supplies	4,565	
Training	380	
Utilities	13,336	
Totals	<u>\$ 385,824</u>	<u>\$ 41,724</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Jim Henderson, Simpson County Judge/Executive
Honorable Kenneth Y. Harper, Former Simpson County Judge/Executive
Members of the Simpson County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Simpson County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated January 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Simpson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Simpson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Jim Henderson, Simpson County Judge/Executive
Honorable Kenneth Y. Harper, Former Simpson County Judge/Executive
Members of the Simpson County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Governmental Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 24, 2000

COMMENT AND RECOMMENDATION

SIMPSON COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

The County Should Have Required Depository Institutions To Pledge Or Provide Sufficient Collateral Of \$295,172 To Protect Deposits

On December 10, 1998, \$295,172 of the county's deposits of public funds in depository institutions were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

County Judge's Response:

I will verify, in the future, that all monies deposited have sufficient securities pledged by the financial institution.

PRIOR YEAR

In the prior year audit report, we made the following comments and recommendations:

- The County Should Have Required Depository Institution To Pledge Additional Securities Of \$220,565 As Collateral To Protect Deposits

This finding has not been corrected and has been commented on in the current audit report in the above comment.

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CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

SIMPSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

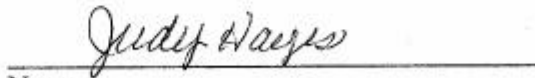
SIMPSON COUNTY FISCAL COURT

The Simpson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer